

HOUSE BILL REPORT

HB 2719

As Reported by House Committee On:
Housing

Title: An act relating to the cancellation of delinquent personal property taxes on mobile homes.

Brief Description: Authorizing the conditional cancellation of delinquent property taxes on mobile homes.

Sponsors: Representatives O'Brien, Schindler, Dunn, McCune, Miloscia and Holmquist.

Brief History:

Committee Activity:

Housing: 1/26/06, 1/31/06 [DP].

Brief Summary of Bill

- Requires a county treasurer to cancel taxes, delinquent by more than one year, on a mobile home in instances where the county treasurer determines that the seizure and sale of a mobile home will cost more than the amount of taxes owed, and the owner of the mobile home pad agrees to remit an amount equal to up to one year of back taxes after the sale of the home.

HOUSE COMMITTEE ON HOUSING

Majority Report: Do pass. Signed by 9 members: Representatives Miloscia, Chair; Springer, Vice Chair; Holmquist, Ranking Minority Member; Dunn, Assistant Ranking Minority Member; McCune, Ormsby, Pettigrew, Schindler and Sells.

Staff: Robyn Dupuis (786-7166).

Background:

When a signed affidavit of destruction is filed with the county assessor and a mobile home is being moved to a disposal site by a landlord after the home has been abandoned or a final judgment for restitution has been executed in favor of the landlord, the mobile home will be removed from the tax rolls and any outstanding taxes will be removed by the county treasurer.

If a landlord, however, takes ownership of a mobile home which has been abandoned or foreclosed upon through a landlord lien (70.72 RCW), with the intent to sell or rent the home, the landlord is responsible for the outstanding taxes owed on the home (RCW 46.44.170).

Landlord's Lien for Rent

Landlords have a lien for rent upon personal property which has been used or kept on the rented premises by a tenant. Liens may consist of up to four month's rent when a tenant is renting a mobile home lot in a mobile home park. Such a lien may be enforced at the time of the commencement of an action to foreclose the lien.

Summary of Bill:

County treasurers are obligated to cancel delinquent taxes beyond the last year owed if the treasurer determines that the distraint and sale of the home will cost more than the amount of taxes owed on the home and the landlord complies with the following:

- (a) requests that the taxes be cancelled;
 - (b) agrees to sell the home pursuant to the foreclosure of a landlord lien; and
 - (c) agrees to remit to the county treasurer, after the sale of the home, an amount which shall not exceed the delinquent taxes for one year.
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Appropriation: None.

Fiscal Note: Preliminary fiscal note available.

Effective Date: The bill takes effect on January 1, 2007.

Testimony For: When landlords have to sell a home, the sales process triggers property taxes (which are due when the home is transferred to either the landlord or other purchaser). This coattails on the bill that cancels property taxes if the landlord destroys an abandoned mobile home. This bill would relieve the financial burden on the landlord or other home purchaser since the home is often not worth the taxes owed.

Testimony Against: This sets a dangerous precedent of allowing private lien holders to eliminate tax liability by selling real property. This has far-reaching implications and would reduce the amount of money available for local services (fire fighters, police, etc.). The treasurer's office does try to work with low-income homeowners, like mobile home owners, to help them get caught up on back taxes, they don't immediately take the house to sell it. They do, however, go to collections.

Persons Testifying: (In support) John Woodring, Attorney for Manufactured Housing Communities of Washington.

(Opposed) Robin Hunt, Washington State Association of County Treasurers.

Persons Signed In To Testify But Not Testifying: None.